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Organization

1. The Democratic Republic of Vietnam (DRV) Economic Service in Interzone III is staffed by about 300 employees. It is divided into two branches:
 - a. Commerce. Both internal and with French-controlled zone.
 - b. Industry and the working classes. Industry is practically non-existent with the exception of a few government-controlled war materiel workshops.
2. Like all the other DRV Government bureaus, the Economic Service is mobile and its whereabouts kept secret. It has a permanent delegation, however, stationed at Dong Quan, near Phu Ly. Its only real function is that of a receiving station for reports; it usually takes about one day for the delegation to get in touch with the directors of the Service.
3. In theory, the Interzone Economic Service controls the provincial Services. In reality, however, the various political and administrative bureaus often attempted to take care of their own economic needs. The disorganization resulting from this state of affairs was virtually abolished following the government decision to merge all financial organizations into a single body (co quan mau dich) in early 1951,

Policy

4. Until late 1950 the DRV Economic Service imposed an economic blockade on trade with the French zone, with the exception of the importation items "vital to the resistance", including explosives and medicines. In early 1951 this blockade was lifted and free exchange permitted. This action was taken because of the

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difficulty in maintaining the blockade as the area under DRV control increased in size and because of the insistence of the Chinese advisers that as much as possible be purchased in the French zone with Ho Chi Minh banknotes.

5. The lifting of the blockade resulted in a rapid devaluation of the Ho Chi Minh piaster and a serious decline in local handicraft, which suffered in competition with goods from the French-controlled zone. During 1949 and 1950, several fairs were organized displaying local products: mostly items of daily necessity including cotton and paper. The decline in local manufacturing since the lifting of the blockade has affected one of the principal means of livelihood of the population, primarily the aged inhabitants who can no longer live off the land.

Trade with Communist China.

6. Trade between the DRV zone and Communist China is practically non-existent because the Chinese goods must be paid for with gold or foreign currency, either Indo-chinese piasters or dollars. Free exchange between the two countries in the border area was effected with Indochinese piasters before 1949; but since the Chinese Communist regime was installed, by direct exchange of merchandize. Ho Chi Minh notes are no longer acceptable.

Chinese Communist Aid

7. Chinese aid to the DRV is exclusively military. Economic aid has not yet been discussed and until now no Chinese products are found on the market in the DRV zone. The only indication of any economic aid has been during the past few months when five meters of blue Chinese cloth were sold at a low price to every official in the Viet Bac Interzone.
8. On the other hand, it is probable that a large supply of rice is sent to China from the Viet Bac. In spite of the large amount available to the Viet Bac, the population there is relatively poor and the standard of living is reduced to an absolute minimum.

Direction of the Ministry of Economy

9. Phan Anh, the Minister of Economy, has not signed any Ministry circulars since 1950, with the exception of assignments of service heads. Anh lives in Tuyen Quang, about 20 miles away from the Ministry, and visits it only two or three times a year. The work of the Ministry is actually directed by Dang Viet Chau, former director of the Ministry of Interior. He replaced Bui Cong Trung in late 1951, when the latter was named Secretary of State for Interior.
10. In April 1952 the Ministry changed its name to the Ministry of Handicraft and Commerce (Bo Cong Thuong). General Tran Dai Nghia¹ is Secretary of State to this Ministry, primarily occupied with the organization of war industries.

DRV Currency

11. The appearance of Ho Chi Minh notes varies with each Interzone. Each Interzone has its own printing press. That of Interzone III is the least important, being in a combat zone, and is at Thai Binh. The paper used for the notes differs widely and the control of counterfeit bills is absolutely impossible.

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